

8576
RECEIVED
LEGISLATIVE AUDITOR
05 MAY 13 AM 11:16

CAMERON PARISH WATERWORKS DISTRICT NO. 11
Grand Lake, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/18/05

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	PAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3-5
INDEPENDENT AUDITORS' REPORT	6-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	8
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	9-10
STATEMENT OF CASH FLOWS	11-12
NOTES TO FINANCIAL STATEMENTS	13-20
REQUIRED SUPPLEMENTAL INFORMATION:	
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL	21-22
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	23-24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	25

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Cameron Parish Waterworks District No. 11 (the District) presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- * The District's assets exceeded its liabilities by \$1,753,057 (net assets).
- * Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$1,455,592 include property and equipment, net of accumulated depreciation, and reduced for any outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net assets of \$297,465 represent the portion available to maintain the District's continuing obligations to customers and creditors.
- * Total revenues of \$435,890 exceeded total expenditures of \$379,941, which resulted in a current year surplus of \$55,949, an improvement over the prior year's surplus of \$21,628.
- * Total operating revenues increased by \$45,310 from the prior year, mainly from increase in water sales revenues, and operating expenses increased by \$13,903 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

Management's Discussion and Analysis

Basic Financial Statements

These financial statements consist of two sections – Management's Discussion and Analysis (this section) and the basic financial statements, including the notes to the financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Management's Discussion and Analysis

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash from operating activities (indirect method) as required by GASB 34.

The notes provided additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budget to actual comparison.

FINANCIAL ANALYSIS OF THE DISTRICT

	<u>2004</u>	<u>2003</u>
Current assets	\$ 342,614	\$ 322,182
Capital assets	<u>1,455,592</u>	<u>1,403,886</u>
Total assets	1,798,206	1,726,068
Total liabilities	<u>45,149</u>	<u>28,960</u>
Net assets:		
Invested capital assets, net of debt	1,455,592	1,403,886
Unrestricted	<u>297,465</u>	<u>293,222</u>
Total net assets	<u>\$ 1,753,057</u>	<u>\$ 1,697,108</u>

Net assets of the District increased by \$55,949 from December 31, 2003 to December 31, 2004.

	<u>2004</u>	<u>2003</u>
Operating revenues	\$ 352,828	\$ 307,518
Operating expenses	<u>379,941</u>	<u>366,038</u>
Operating income (loss)	(27,113)	(58,520)
Non-operating revenues (expenses)	<u>83,062</u>	<u>80,148</u>
Net increase (decrease) in net assets	<u>\$ 55,949</u>	<u>\$ 21,628</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Management's Discussion and Analysis

BUDGETARY HIGHLIGHTS

The original budget was not revised this year.

The actual revenues were less than the budgeted revenues by \$22,122 or 6% and the budgeted expenditures were less than the actual expenditures by \$7,377 or 2%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2004, the District had \$1,455,592, net of accumulated depreciation, invested in a broad range of capital assets, including land, plant and distribution system, and furniture, fixtures, and equipment (See Table below). This amount represents a net increase of \$51,706 or 3.7%, over last year.

	<u>2004</u>	<u>2003</u>
Land	\$ 10,000	\$ 10,000
Buildings	143,649	143,649
Distribution System	2,234,049	1,939,596
Furniture, Fixtures, and Equipment	158,263	133,426
Construction in progress	-	195,997
Less Accumulated Depreciation	<u>(1,090,369)</u>	<u>(1,018,782)</u>
Totals	<u>\$ 1,455,592</u>	<u>\$ 1,403,886</u>

This year's major capital additions included above were:

AMR System- (100 meters)	\$ 28,630
Truck	18,062
Trailer	6,775
Water distribution system Improvements	<u>69,826</u>
	<u>\$ 123,293</u>

Debt

The District has no debt.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact James Cox, Manager, 111 Dennis Lane, Bell City, LA 70630.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE BOURNE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.
MELONIE H. HIMEL, C.P.A.

INDEPENDENT AUDITORS' REPORT

April 20, 2005

Board of Commissioners
Cameron Parish Waterworks District No. 11
Grand Lake, Louisiana

We have audited the financial statements of the Cameron Parish Waterworks District No. 11, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Cameron Parish Waterworks District No. 11 management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cameron Parish Waterworks District No. 11 as of December 31, 2004, and the results of its operations and cash flows for the year then ended in conformity with accounting standards generally accepted in the United States of America.

The Management's Discussion and Analysis and the required supplemental information are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Board of Commissioners
Cameron Parish Waterworks District No. 11
Page Two

In accordance with Government Auditing Standards, we have also issued our report dated April 20, 2005 on our consideration of Cameron Parish Waterworks District No. 11's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Gragson, Casiday & Guillory

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Net Assets

December 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
Current Assets		
Cash	\$ 226,465	\$ 215,229
Receivables		
Ad valorem taxes	69,858	67,878
Accounts, net	23,541	23,801
Other	4,477	-
Inventory, at cost	<u>18,273</u>	<u>15,274</u>
Total Current Assets	342,614	322,182
Property, plant and equipment		
Buildings	143,649	143,649
Distribution system	2,234,049	1,939,596
Furniture, fixtures and equipment	158,263	133,426
Construction in progress	<u>-</u>	<u>195,997</u>
	2,535,961	2,412,668
Less accumulated depreciation	<u>1,090,369</u>	<u>1,018,782</u>
	1,445,592	1,393,886
Land	<u>10,000</u>	<u>10,000</u>
	<u>1,455,592</u>	<u>1,403,886</u>
 TOTAL ASSETS	 <u>\$ 1,798,206</u>	 <u>\$ 1,726,068</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 34,301	\$ 19,895
Accrued liabilities	<u>10,848</u>	<u>9,065</u>
TOTAL CURRENT LIABILITIES	<u>45,149</u>	<u>28,960</u>
 NET ASSETS		
Investment in capital assets	1,455,592	1,403,886
Unrestricted	<u>297,465</u>	<u>293,222</u>
TOTAL NET ASSETS	<u>1,753,057</u>	<u>1,697,108</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,798,206</u>	 <u>\$ 1,726,068</u>

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Revenues, Expenses
and Changes in Net Assets

Year Ended December 31, 2004

	<u>2004</u>	<u>2003</u>
OPERATING REVENUES		
Charges for services	\$ 312,664	\$ 274,358
Fees and installation charges	35,350	32,585
Miscellaneous revenue	<u>4,814</u>	<u>575</u>
TOTAL OPERATING REVENUES	<u>352,828</u>	<u>307,518</u>
OPERATING EXPENSES		
Auto	7,890	4,823
Bad debt	-	-
Bank charges	5	5
Computer	-	-
Contract labor	640	4,630
Depreciation	71,587	64,099
Insurance - general	8,367	7,062
Insurance - health	21,622	22,078
Maintenance	40,205	64,188
Per diem	3,660	4,260
Postage	4,445	5,098
Printing and publishing	2,824	2,779
Professional fees	10,776	13,800
Retirement	13,073	6,771
Salaries	104,775	95,301
Supplies	62,395	44,933
Taxes and licenses	2,040	1,899
Telephone	6,565	6,380
Training	1,100	1,315
Utilities	<u>14,998</u>	<u>16,617</u>
TOTAL OPERATING EXPENSES	<u>377,644</u>	<u>366,038</u>
OPERATING INCOME (LOSS)	<u>(24,816)</u>	<u>(58,520)</u>

Continued

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Revenues, Expenses
and Changes in Net Assets - Continued

Year Ended December 31, 2004

	<u>2004</u>	<u>2003</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	\$ 67,974	\$ 72,032
Interest income	2,291	2,116
Rent income	<u>10,500</u>	<u>6,000</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>80,765</u>	<u>80,148</u>
CHANGE IN NET ASSETS	55,949	21,628
NET ASSETS - BEGINNING	<u>1,697,108</u>	<u>1,675,480</u>
NET ASSETS - ENDING	<u>\$ 1,753,057</u>	<u>\$ 1,697,108</u>

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Cash Flows

Year Ended December 31, 2004

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers and others	\$ 427,396	\$ 376,649
Payments for supplies and services	<u>373,632</u>	<u>297,283</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>53,764</u>	<u>79,366</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	<u>67,974</u>	<u>72,032</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Rental income	10,500	6,000
Purchase of fixed assets	<u>(123,293)</u>	<u>(195,995)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(112,793)</u>	<u>(189,995)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>2,291</u>	<u>2,116</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,236	(36,481)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>215,229</u>	<u>251,710</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 226,465</u>	<u>\$ 215,229</u>

Continued

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Cash Flows - Continued

Year Ended December 31, 2004

	<u>2004</u>	<u>2003</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (24,816)	\$ (58,520)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	71,587	64,099
(Increase) decrease in		
Accounts receivable	(4,217)	(9,108)
Ad valorem taxes receivable	(1,980)	(3,181)
Reimbursements from theft loss	-	78,239
Inventory	(2,999)	(6,276)
Increase (decrease) in		
Accounts payable	14,406	19,895
Accrued liabilities	1,783	6,289
Customer deposits	-	(12,071)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 53,764</u>	<u>\$ 79,366</u>

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cameron Parish Waterworks District No. 11 was created by the Cameron Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the Big Lake/Grand Lake/Sweetlake areas of the Parish. The District is governed by a board of commissioners composed of five members.

The financial statements of the Cameron Parish Waterworks District No. 11 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish Waterworks District No. 11. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

2. Fund Accounting

The Cameron Parish Waterworks District No. 11 uses a fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self balancing set of accounts.

The Enterprise Fund is used by the District to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis is financed through user charges.

3. Basis of Accounting

Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments"* established standards for external reporting for all state and local governmental entities which includes a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components-invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages or notes.

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - The component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The accrual basis of accounting is utilized by the District. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2004, the District has \$226,425 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$126,425 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Accounts Receivable

The District utilizes the allowance method to recognize doubtful accounts. The allowance for doubtful accounts at December 31, 2004 was \$8,130.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees in the Enterprise Fund. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disasters or other calamity in this one concentrated geographic location.

6. Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

7. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Vacation – 5-25 days per year depending on length of service

Sick Leave – 12-18 days per year, depending on length of service

The District's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2004, the District had an accrual for compensated absences of \$2,680.

8. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents.

9. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2004

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2004, taxes of 5.06 mills were levied on property with taxable assessed valuations totaling \$13,723,701.

Total taxes levied were \$69,442

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C - FIXED ASSETS

All purchased fixed assets are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Distribution system	40 years
Furniture, fixture and equipment	5-10 years

A summary of changes in fixed assets for the year ended December 31, 2004 are as follows:

	Fixed Assets		
	Beginning of Year	Net Additions	End of Year
Buildings	\$ 143,649	\$ -	\$ 143,649
Distribution system	1,939,596	294,453	2,234,049
Equipment and furniture	133,426	24,837	158,263
Land	10,000	-	10,000
Construction in progress	<u>195,997</u>	<u>(195,997)</u>	<u>-</u>
	2,422,668	<u>\$ 123,293</u>	2,545,961
Less accumulated depreciation	<u>1,018,782</u>		<u>1,090,369</u>
TOTALS	<u>\$ 1,403,886</u>		<u>\$ 1,455,592</u>

Depreciation expense was \$71,587 for the year ended December 31, 2004.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2004

NOTE D - RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the District's full-time employees. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District's participation in these systems are provided below.

Parochial Employees' Retirement System

The System is composed of two district plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week, not participating in another public funded retirement system and under age fifty-five (55) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited services, at or after age 55 with 25 years of credited service, or at any age with 30 or more years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 11.0% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2004 totaled \$10,257.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2004

NOTE E - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$60 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$60.

Per diem paid commissioners for the year ended December 31, 2004 were as follows:

Andre Abadie	\$ 660
Billy Johnston	600
Jeffrey Jouett	840
Gerald Richard	720
Grace Robideaux	<u>840</u>
	<u>\$ 3,660</u>

NOTE F - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Revenues, Expenses and Changes in
Net Assets - Budget and Actual

Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ 343,000	\$ 343,000	\$ 312,664	\$ (30,336)
Fees and installments charges	29,800	29,800	35,350	5,550
Miscellaneous revenue	<u>2,150</u>	<u>2,150</u>	<u>4,814</u>	<u>2,664</u>
TOTAL OPERATING REVENUES	<u>374,950</u>	<u>374,950</u>	<u>352,828</u>	<u>(22,122)</u>
OPERATING EXPENSES				
Advertising	1,500	1,500	-	1,500
Auto	5,250	5,250	7,890	(2,640)
Bank charges	-	-	5	(5)
Contract labor	3,000	3,000	640	2,360
Depreciation	66,000	66,000	71,587	(5,587)
Dues	200	200	-	200
Insurance - general	7,600	7,600	8,367	(767)
Insurance - health	21,600	21,600	21,622	(22)
Maintenance	50,000	50,000	40,205	9,795
Per diem	3,600	3,600	3,660	(60)
Postage	5,100	5,100	4,445	655
Printing and publishing	1,800	1,800	2,824	(1,024)
Professional fees	13,600	13,600	13,750	(150)
Retirement	13,216	13,216	10,776	2,440
Salaries	102,268	102,268	104,775	(2,507)
Supplies	47,680	47,680	62,395	(14,715)
Taxes and licenses	2,103	2,103	2,040	63
Telephone	6,500	6,500	6,565	(65)
Training	750	750	1,100	(350)
Utilities	<u>18,500</u>	<u>18,500</u>	<u>14,998</u>	<u>3,502</u>
TOTAL OPERATING EXPENSES	<u>370,267</u>	<u>370,267</u>	<u>377,644</u>	<u>(7,377)</u>
OPERATING INCOME (LOSS)	<u>4,683</u>	<u>4,683</u>	<u>(24,816)</u>	<u>(29,499)</u>

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Revenues, Expenses and Changes in
Net Assets - Budget and Actual - Continued

Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
NON-OPERATING REVENUES (EXPENSES)				
Ad valorem taxes	\$ 68,500	\$ 68,500	\$ 67,974	\$ 526
Interest income	2,250	2,250	2,291	41
Rent income	<u>6,000</u>	<u>6,000</u>	<u>10,500</u>	<u>4,500</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>76,750</u>	<u>76,750</u>	<u>80,765</u>	<u>4,015</u>
CHANGE IN NET ASSETS	81,433	81,433	55,949	(25,484)
NET ASSETS - BEGINNING	<u>1,697,108</u>	<u>1,697,108</u>	<u>1,697,108</u>	<u>-</u>
NET ASSETS - ENDING	<u>\$ 1,778,541</u>	<u>\$ 1,778,541</u>	<u>\$ 1,753,057</u>	<u>\$ (25,484)</u>



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE BOURNE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.

JULIA W. PORTUS, C.P.A.
MELONIE H. HIMEL, C.P.A.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

April 20, 2005

Board of Commissioners
Cameron Parish Waterworks District No. 11
Grand Lake, Louisiana

We have audited the financial statements of the Cameron Parish Waterworks District No. 11, as of and for the year ended December 31, 2004, and have issued our report thereon dated April 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Cameron Parish Waterworks District No. 11's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cameron Parish Waterworks District No. 11's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Commissioners
Cameron Parish Waterworks District No. 11
Page Two

This report is intended solely for the information and use of management and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Schedule of Findings and Questioned Costs

Year Ended December 31, 2004

1. Summary of Auditors' Results:

- a) Auditor issued an unqualified opinion on the financial statements.
- b) No reportable conditions in internal control over financial reporting and its operation were disclosed by the audit of the financial statements.
- c) No noncompliance which is material to the financial statements was disclosed by the audit of the financial statements.

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

None

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

None